

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 NEA-10 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 EA-11 CIEP-02 AEC-11 DRC-01 /166 W

----- 101685

R 271217Z DEC 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 5713

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION EC BRUSSELS

C O N F I D E N T I A L PARIS 32841

E.O. 11652: GDS

TAGS: ENRG EGEN FR

SUBJECT: VIEWS OF FRENCH OFFICIAL ON OIL PROBLEM

1. BRUNET, DIRECTOR OF ECONOMIC AFFAIRS, MFA, HAS CONFIRMED TO US THAT FRANCE HAD CONCLUDED A DEAL WITH SAUDI ARABIA FOR A SMALL AMOUNT (LESS THAN THEY HAD HOPED FOR) OF CRUDE FOR THE NEXT THREE YEARS. HE SAID THE AMOUNTS INVOLVED WERE PEANUTS AND HE THOUGHT THIS DEAL HAD NO BEARING ON THE LARGER QUESTION OF COOPERATION AMONG CONSUMING GOVERNMENTS. HE SAID EVERYBODY WAS RUSHING TO JIDDA TO TRY TO GET A PIECE OF THE PARTICIPATION OIL, BUT IT DID NOT APPEAR THAT ENOUGH WOULD BE SUCCESSFUL, SO THAT THIS WOULD ACCOUNT FOR A VERY INSIGNIFICANT PERCENTAGE OF SAUDI PRODUCTION.

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2. BRUNET'S REACTION TO THE RECENT INCREASE IN POSTED PRICES WAS ONE OF FRANK DISMAY. ALTHOUGH IT WAS EVIDENT THAT THE GOF HAD NOT YET HAD TIME TO CALCULATE THE CONSEQUENCES FOR THE FRENCH ECONOMY, HE FORESAW A FURTHER STRENGTHENING OF THE U.S. ECONOMIC POSITION RELATIVE TO EUROPE AND JAPAN AND A PARTIAL NEGATION OF THE SUBSEQUENT EASING OF THE ARAB EMBARGO (WITH THESE PRICES, HE SAID, WE CAN'T AFFORD TO CONSUME AS MUCH AS WE USED TO). HE SAID THAT AS FAR AS HE WAS AWARE, THE GOF DID NOT CONTEMPLATE ANY FURTHER DEMARCHE TO THE ARAB STATES ON THE SUBJECT OF THE RECENT PRICE INCREASE.

3. THE DISCUSSION THEN TURNED TO THE BROADER QUESTION OF INTERNATIONAL COOPERATION IN THE ENERGY FIELD AND, SPECIFICALLY, THE FRENCH REACTION TO SECRETARY KISSINGER'S ENERGY ACTION GROUP PROPOSAL. BRUNET SAID THAT THE GOF HAD NOT YET MADE UP ITS MIND HOW TO RESPOND TO THE SECRETARY'S PROPOSAL. HE SAID JOBERT WANTED TO SEND THE SECRETARY A PERSONAL AND VERY DETAILED REACTION AND, AT JOBERT'S REQUEST, HE HAD BEEN PUTTING SOME OF HIS OWN IDEAS DOWN ON PAPER. HOWEVER, HE HAD NO IDEA WHAT JOBERT'S DECISION WOULD BE, AND HE ADDED THAT JOBERT WOULD QUALIFY HIS RESPONSE BY SAYING THAT IT WAS SUBJECT TO AGREEMENT WITH FRANCE'S EC PARTNERS.

4. BRUNET SAID THE IDEAS HE HAD BEEN TURNING OVER IN HIS OWN MIND COULD BE SUMMARIZED AS FOLLOWS: IN THE FIRST PLACE HE FAVORED EUROPEAN COOPERATION WITH THE UNITED STATES IN RESEARCH AND DEVELOPMENT ON ALTERNATIVE SOURCES AND IN EFFORTS TO MAKE MORE EFFECTIVE USE OF EXISTING ENERGY RESOURCES. THESE, HOWEVER, ARE PROGRAMS FOR THE LONG RUN. AS FOR THE MORE IMMEDIATE PROBLEM OF THE KIND OF RELATIONSHIP TO BE WORKED OUT WITH THE ARAB COUNTRIES, HE WONDERED WHETHER IT WAS REALLY APPROPRIATE FOR THE U.S. AND THE EUROPEANS TO CONCERT THEIR APPROACH. THE U.S. AFTER ALL WAS FAR LESS DEPENDENT ON ARAB OIL THAN EUROPE AND COULD BECOME COMPLETELY INDEPENDENT MUCH SOONER THAN EUROPE, ASSUMING EUROPE COULD EVER BECOME COMPLETELY INDEPENDENT. HE WONDERED, THEREFORE, IF IT MIGHT NOT BE PREFERABLE FOR EUROPE TO STRIKE ITS OWN DEAL WITH THE

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ARABS.

5. WE REPLIED THAT U.S. DEPENDENCE ON ARAB IMPORTS, WHILE ADMITTEDLY MUCH SMALLER THAN EUROPE'S, WAS EXPECTED TO RISE RAPIDLY OVER THE NEXT DECADE, BUT IT WOULD BE A MISTAKE TO SUPPOSE THAT THE U.S. WOULD BE WILLING TO ALLOW EUROPE (AND PRESUMABLY JAPAN) TO HAVE EXCLUSIVE ACCESS TO ARAB OIL. WE SAID A SECOND POINT WHICH

BRUNET'S TENTATIVE ANALYSIS NEGLECTED TO TAKE INTO ACCOUNT WAS THE FACT THAT THE U.S. PROPOSAL WAS A POLITICAL PROPOSAL AS WELL AS AN ECONOMIC PROPOSAL DESIGNED TO ENGAGE EUROPE AND THE UNITED STATES IN A COMMON ENDEAVOR WHICH WOULD CONTRIBUTE TO GIVE THE ATLANTIC COMMUNITY A NEW FORCE AND VITALITY.

6. BRUNET TOOK NOTE OF THESE POINTS WITHOUT COMMENT. IN ANSWER TO OUR QUESTION HE SAID HE COULD NOT TELL US WHEN JOBERT WOULD GIVE SECRETARY KISSINGER HIS REACTION, BUT HE THOUGHT IT WOULD BE FAIRLY EARLY IN THE NEW YEAR. HE ADDED THAT ONE FACTOR WHICH WOULD COMPLICATE THE TASK OF COORDINATING AN EC RESPONSE WAS THE FACT THAT THE EC WOULD PROBABLY TAKE THE POSITION THAT IT COULD NOT RESPOND AS A GROUP UNTIL IT HAD AGREED ON A COMMON ENERGY POLICY. HE SAID HE WAS NOT CERTAIN THAT THE DEADLINE SET AT THE COPENHAGEN SUMMIT FOR AGREEMENT ON A COMMON ENERGY POLICY WAS REALISTIC.
STONE

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